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Kevin Doyle

For Holland's merchant prince, it was a devastating end to a fairy-tale career. As the Lockheed scandals, which have buffeted the world for months, swept into Europe, high-flying Prince Bernhard of the Netherlands was suddenly grounded in disgrace. The Dutch royal family faced its gravest crisis since the Second World War and revelations of international intrigue, shady business practices and unacceptable private behavior appeared with a regularity that seriously threatened the throne.

Officially, the 65-year-old prince stood accused by a government commission of "extremely imprudent" behavior in his dealings with the financially pressed Lockheed aircraft company. Almost immediately, the dapper husband of Queen Juliana resigned from virtually all his official posts. It meant a hefty loss of income for the German-born Allied war hero, who previously served as inspector general of the Dutch armed forces, but a stunned nation may have lost far more: some of its cherished respect for royal rectitude.

No sooner had the first shocks of the royal scandal passed than the Dutch information ministry released letters that showed the Prince asked Helmut Schmidt, the West German chancellor and former defense minister, to purchase planes in 1971 produced by the Northrop Corporation. Rumors also abounded about Bernhard's taste for the high life, his numerous illicit love affairs and his high-rolling business connections. Published reports

claim the Prince keeps a mistress, named Pussy, and an illegitimate child in Paris. At least three other mistresses were mentioned in the Dutch press. Said Piet Dankert, a leftwing Member of Parliament: “We had a good, nice country and the royal family was the perfect household. That myth is all blown up now.”

But the larger question being raised in Europe is how Bernhard’s shady operations were kept quiet for so long and why it took a Senate committee in Washington, investigating something quite different, to uncover a major scandal extending over at least 20 years and involving millions of dollars. It was the Watergate investigation that discovered that among the companies illegally helping to finance Richard

Nixon’s 1972 campaign was the Northrop Corporation. And when Northrop officials were questioned about how they did it, they explained that they had learned their lessons from Lockheed. Thus the trail led to Lockheed, to the network of agents who worked for both companies and eventually to Lockheed’s acknowledgement that it had paid Bernhard. The subsequent revelations about Bernhard’s behavior, with its traces of brazenness and squalor, were painfully embarrassing to the Dutch not so much because of the facts involved as because they became public. It now seems clear that while there was often reason to ! be suspicious of the Prince’s operations in

the past, the Dutch people simply did not want to know about them, choosing to look the other way rather than tarnish royalty.

Before the scandal, Bernhard represented an unfamiliar combination of royalty and international business, the playboy with fast cars who had invented a remarkably original way of being a prince in a modern democratic state. Afterward, he appeared as little more than an energetic, fairly unscrupulous traveling salesman with a public relations man's professional charm and a talent for bringing people together and putting them at ease. The three-man commission, which spent six months investigating allegations that the Prince accepted bribes totaling \$1.1 million from Lockheed, concluded there was no firm evidence Bernhard had actually received the money. But in a damning commentary, the report added he had "shown himself open to dishonorable requests and offers" and "allowed himself to be tempted to take initiatives that were completely unacceptable." Prime Minister Joop den Uyl, in a nationally televised speech in parliament, said no legal action would likely be taken against Bernhard because of possible "serious consequences" to Queen Juliana who married him in 1937. Juliana (who lived in Canada during the Second World War after the Germans overran Holland) appeared deeply shaken but initially, at least, she seemed determined to remain on the throne as

head of the House of Orange. How long this determination would remain in the face of new scandals involving the Prince, however, remained uncertain.

Bernhard's lack of scruples, his insecurity and his love of money spring from a tangled web of circumstances that can be traced all the way back to his early childhood in the eastern part of Germany, a fact that the commission touched on only briefly. The commission report makes reference to the fact that between 1960 and 1962 a total of one million dollars was passed from Holland through a Swiss bank into the account of a Colonel Pantchoulidzew. The colonel, of White Russian descent, is referred to as "the companion of the mother of HRH the Prince of the Netherlands"—Prince Bernhard. This thread, in turn, leads back to the marriage of Bernhard's parents and offers some insights to his early development and later behavior.

The Prince's parents had a small, typically German court-arranged marriage. His father, Prince Bernhard of Lippe, a minor and impoverished German nobleman, died in 1934. But before Bernhard was born in 1911, Colonel Pantchoulidzew appeared on the scene. Bernhard's father was often abroad and the marriage evidently was one in which both parties went their own ways. When Bernhard's father died, he left an unusual will in which custody of the children went to Pantchoulidzew and in a letter, opened after

his death, he also asked the colonel to take care of his wife. Afterward, the colonel and Bernhard's mother, Princess Armgard, were inseparable. They lived together at the Palace

Warmelo in Holland near the German border. It appears certain that in 1968, shortly before the colonel—who was Bernhard's godfather—died, he and Princess Armgard were married in church. They were not, however, married by the state, a requirement in Holland for a legal marriage. Thus, the million dollars paid secretly through the Swiss bank was going to a man who had, beyond dispute, long been a kind of acting father to Bernhard.

Some Dutch people speculate that the colonel is Bernhard's real father.

When the commission asked the Prince about the 1960s payments, he said he couldn't imagine the colonel had received so much money in such a way. The commission, however, concluded that Pantchoulidzew did indeed get the money and that he could not have

done so without Bernhard's knowledge. The money came from Lockheed and was in fact a commission intended indirectly for Bernhard.

Even when Bernhard first married Princess Juliana, the Dutch had some reason to regard him as an unsatisfactory consort. He had been a probationary member of the Nazi ss before the war, American intelligence continued to distrust him during the war, and he was soon quite actively

unfaithful to the plain but dedicated Princess. However, his wartime record as a pilot with the Allies and as a resistance leader overcame public, reservations, and by the time Queen Wilhelmina abdicated in 1948 the Dutch were relieved to welcome a new queen with a consort who represented the spirit of the resistance.

The whole notion of marrying the traditional House of Orange with someone familiar with commercial enterprise was strikingly attractive to the Dutch. The monarchy was part of their special identity which distinguished them from more upstart commercial countries like Germany and Italy. And Bernhard's business drive gave the monarchy an up-to-date forward looking character which set Holland apart, ennobled Dutch industry and, to a degree, Western capitalism as a whole. In 1952 he organized the first of the annual Bilderberg

conferences, which served as a meeting place for politicians, bankers and industrialists such as the Agnellis, Rothschilds and Rockefellers. They were held in great secrecy—no member was allowed to talk to a journalist—and they were sometimes depicted by the Left as representing a great conspiracy of international capitalists. The conferences helped to give Bernhard an almost unrivaled network of international contacts. This web was widened when in 1961 he set up the World Wildlife Fund, which

included an unusual mixture of international aristocrats, naturalists and ambitious industrialists.

Bernhard is said also to have often mixed his drinking pals from the European jet set with leading business figures—a combination that sometimes proved rewarding and sometimes didn't. Says a Dutch businessman: "On one bright morning I found myself on his private plane en route for Paris, with the champagne already flowing freely on board. After we arrived, we went to a plush hotel where more cold champagne and oysters were waiting. At 11 a.m. I was seeing stars and at 2 p.m. I passed out." Later, adds the businessman: "I called to say 'P.B., I like you very much, but this is not my kind of entertainment and you know it.' The Prince replied: 'My friend, I made a little mistake. I'm sorry, it won't happen again.' "

It was as early as 1950, soon after his wife became queen, according to the commission report, that Bernhard first began having "increasingly friendly contacts" with Robert Gross, then chairman of Lockheed in California and later one of the founders of the Wildlife Fund. Lockheed had been near bankruptcy in the 1930s, had done well during the war but was again in a perilous position in the early 1950s, faced with savage competition from Douglas and Boeing. The company pinned its hopes on selling military aircraft to Western Europe, particularly a new supersonic jet, the

Starfighter. Whether Bernhard was influential in aiding those sales is doubtful, but Gross clearly believed the Prince was an indispensable ally and he added two more Dutchmen, Fred Meuser and Hans Gerritsen, as European agents. All these men had been involved in the wartime resistance and also, it is believed, with postwar intelligence. Gross had connections with Allen Dulles and the CIA.

Between 1959 and 1960, the report says, Lockheed considered presenting the Prince with a Jetstar aircraft as a form of commission for sales of the Starfighter in West Germany. When the company abandoned the idea because of “tactical difficulties,” Meuser suggested Lockheed should instead pay Bernhard one million dollars, which was duly given to the mysterious Colonel Pantchoulidzew. The payment encouraged Lockheed to make further approaches to Bernhard, and in 1968 and 1969, when there was the prospect of another important sale of the company’s

Orion reconnaissance plane to Europe, officials of the firm again offered the Prince a large sum which, the report says, “had all the features of bribery.” Bernhard refused on the grounds he could not deliver what was being asked of him, but the report says there was no hint from him that the offer was improper. Sometime later, Lockheed officials offered Bernhard \$ 100,000 in connection with sale of Tristar airliners. Later, according to the report, a cheque for \$100,000 was sent to a Swiss bank in the name of Victor

Baarn—Baarn being the name of the town near the Dutch royal palace. The cheque was cashed, but the Prince says he didn't receive the money.

The most devastating part of the report covers the Prince's activities in the early 1970s when he seems to have been in pressing need of money. In 1974, it looked as though the Orion sale was assured, and Bernhard sent crude handwritten letters in bad English to Roger Smith, then Lockheed's general counsel, requesting between four million and six million dollars as his commission on the \$200-million sale. Lockheed sent an agent to the palace to negotiate, and a smaller fee of \$1.3 million was agreed upon. Eventually, the Dutch government decided against buying the Orions, and the commission was never paid. But a still more intriguing aspect of Bernhard's operations at the time emerges from documents released in Washington by the Senate committee which indicate that Lockheed's biggest rival in Europe, Northrop, also had easy access to the Prince. To nobody's surprise, the implication that Bernhard was a "double agent" has outraged Lockheed.

Money would seem to be the last thing Bernhard needed. The wealth of the House of Orange is believed to be about \$600 million and the Prince is paid \$300,000 a year by the Dutch government. But he was penniless when he married Juliana, and insiders at the Dutch court say that in the 1960s he was sorely strapped for cash, perhaps because of extramarital commitments

or blackmail. He was also kept on a short leash by the frugal Queen. By 1966, however—four years after the last of the one million-dollar Lockheed payment was made—Bernhard had apparently amassed a considerable private fortune which included, by one account, \$12 million worth of stock in Standard Oil of New Jersey, now Exxon. There were persistent reports that Bernhard had slipped off the Queen's leash in other respects as well. Government officials described him as a man of the world with a keen eye for beautiful women. He was said to have used his frequent travels all over the world as an opportunity for indulging his sophisticated tastes. Dutch diplomats complained that he often appeared at their embassies unexpectedly, carrying printed lists of his favorite food and beverages and ordering up extravagant impromptu parties.

But even the permissive Dutch, conditioned to expect eccentric behavior from

the Prince, had trouble digesting the elaborate scheming that went into his collection of payments from aircraft companies. The Lockheed case, according to the commission report, was exceptionally complex. Hubert Weisbrod, a Dutch associate of Bernhard's friend Meuser, was, the report says, enlisted to serve as a go-between for the Prince. Lockheed officials reported that the one-million-dollar payoff, on Bernhard's instructions, was channeled through Weisbrod to Colonel Pantchouldzew. The colonel met

Weisbrod in the Hotel Doldar in Zurich on October 3, 1960. and gave details of how the sums of money were to be paid. The Senate investigating committee in Washington reported that: "Pantchouldzew presented himself at the agreed time and place. He handed over a slip of paper bearing his name and the number of a bank account." Exactly what happened to the one million dollars Lockheed then apparently sent for Bernhard's use remains unclear. There are two theories in The Hague. One is that the funds went into the Prince's personal accounts under an assumed name. The second is that most of it may have ended up in the hands of the middlemen.

Whatever the truth about Bernhard's business dealings and private life, the uproar over the Lockheed affair was the worst, but by no means the first, controversy to buffet the House of Orange. Juliana's youngest child. Princess Maria Christina (nicknamed Marijke) was born almost completely blind after her mother contracted German measles during pregnancy. In an effort to relieve her own grief and to help her daughter. Juliana turned in the late 1940s to a Rasputin-like faith healer, a strong-willed, middle-aged woman named Greet Hofmans. Miss Hofmans could do nothing to help Marijke, but she gained an almost hypnotic power over the Queen. By the mid-1950s, the Queen was refusing to sign bills that Miss Hofmans disliked. Relations between Juliana and Bernhard became severely strained

and finally, after the intervention of the Dutch government. Miss Hofmans was sent packing. The royal marriage remained intact, but insiders in Holland say that whatever warmth the relationship had was destroyed.

Another of the royal daughters. Princess Irene, caused a storm when she decided to marry Prince Carlos Hugo de Borbon y Parma, a minor pretender to the Spanish throne. The Netherlands, which fought a bitter war for independence from Spain, was shocked. The royal family boycotted the wedding and Irene was compelled to renounce her rights to the throne. Less than a year later. Crown Princess Beatrix touched off another furor by marrying a West German who had been a member of the Hitler Youth and of a Nazi Panzerdivision during the Second World War. In every other way, the prince, named ClausGeorg Wilhelm Otto Friedrich Gerd von Arnsberg, was well suited to a princely

role: he was a sportsman, diplomat, linguist and accomplished storyteller. But his past was unacceptable in a country where the Germans killed 240,000 people, mostly Jews, during the war. When the wedding was held in 1966, half of Amsterdam's city council and all the city's rabbis stayed away.

Through it all, Bernhard himself managed to remain above the controversies until the Lockheed scandal began breaking over his head.

Ironically, had he chosen to live a relatively idle life away from the public eye, the traditional path taken by a Dutch consort, he probably could have done so with little difficulty once he had established himself as a genuine war hero. But his prewar experience as a fairly low level employee in the Paris office of I. G. Farben, the giant German chemical company, had given him a taste for big business and businessmen. In the late 1940s he was named to the boards of several government companies, including KLM Royal Dutch Airlines, Fokker aircraft industries and the Hoogovens steelworks. Soon he was traveling around the world promoting Dutch exports and in the process cementing his own business connections. But even in the beginning, the deals he arranged were not always as sound as they appeared on the surface. In 1951, he returned from

Argentina with a \$60-million order from the government of the late President Juan Perón for Dutch railroad equipment. At the time, the only quid pro quo appeared to be a Dutch decoration for Peron's wife, Eva. But earlier this year the Netherlands government disclosed that the deal involved a payoff of \$12 million in cash for the Perons, one million dollars in jewelry for Eva and a de luxe private train for both of them.

Bernhard also managed to develop close relations with several businessmen of questionable character, among them Robert Vesco, the fugitive financier wanted in the United States on charges of obstructing justice,

embezzlement and fraud, and Tibor Rosenbaum, accused of defrauding the Israeli government. There was speculation that both men may have provided Bernhard with money in exchange for his efforts to give them an entree to Dutch business circles. Rosenbaum founded the International Credit Bank of Geneva in 1959 and was introduced to the Prince by Baron Edmond de Rothschild of the French banking family. Rothschild had placed millions in the ICB on behalf of the Israeli government. In 1967, Life magazine charged that the ICB had served as a “laundry” for seven billion to eight billion dollars of mob money collected in the casinos of Las Vegas and the Caribbean. But Bernhard and Rosenbaum remained friends. In 1974, Bernhard sold the castle he owned in Holland, Warmelo, for \$400,000 to an obscure Lichtenstein firm named Evlyma Inc. The company turned out to be owned by ICB, and the Dutch press now charges that the sale price was suspiciously low. Less than a year later ICB was closed and Rosenbaum was accused by Rothschild of fraud in connection with the Israeli deposits.

The Prince’s ties with Vesco were shorter-lived but in that case, too, Bernhard showed the same combination of bad judgment and moral blindness that were to surface in the Lockheed affair. In 1971, the Swiss government began to suspect Vesco was looting the financially strapped Investors Overseas Services Ltd., which he had begun to take over the year

before. Vesco then had to find a new base in Europe and he wrote clients of Value Capital Services, an ios dividend company, that cheques should be sent in future to a post office box in Amsterdam. Under Dutch law, however, such payments can be made to post office boxes only if the company's name and address are registered with the local chamber of commerce. Vesco needed the registration badly and he turned to Bernhard to smooth the way. In February, 1972, he flew to West Palm Beach, Florida, where the Prince was conducting an art auction on behalf of the Wildlife Fund. Vesco made a hefty contribution to the fund and made a generous \$ 18,000 bid for a painting of a leopard. Shortly afterward. Vesco turned up at a fancy reception in the Royal Dutch palace. Said a banker who

was there: "Bernhard tried to push this Vesco into my lap. He said 'This is a great man, he is going to clean up ios. You should give him an office at your bank.' I said, 'Your Royal Highness I do not even want to talk to this crook.' " Bernhard's efforts were undaunted, however, and Vesco's Value Capital Services got its Amsterdam office.

Recently, with his career collapsing in ruins, the Prince was sought out by a reporter who asked him to say four words about the scandal: It is not true.

“I cannot say that,” answered Bernhard. “I will not say it, I am standing above such things.” He walked away looking frightened, a tired and beaten old man.’